



Agenda Date: 1/17/07

Agenda Item: IVA

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

IN THE MATTER OF THE APPLICATION OF)
VANCO DIRECT USA, LLC FOR APPROVAL)
OF GUARANTEE OF INDEBTEDNESS)

TELECOMMUNICATIONS

ORDER

DOCKET NO. TF06070515

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 13, 2006, pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-10, Vanco Direct USA, LLC ("Vanco Direct" or "Petitioner") filed an application with the New Jersey Board of Public Utilities ("Board") requesting approval such that Petitioner, a company authorized to provide telecommunications service in this State, can guarantee the indebtedness (the "Debt") of Vanco plc (Parent company of Vanco Direct), and certain of its affiliates.

Vanco Direct is a Delaware limited liability company headquartered in Chicago, Illinois. Petitioner provides resold private line telecommunications services on a retail basis to business and carrier customers in the United States. Petitioner resells private line telecommunications services in this State pursuant to authority granted on or about July 19, 2005.

Petitioner requests Board approval for the proposed transaction whereby Barclays Bank PLC, The Royal Bank of Scotland Plc and Lloyds TSB Bank Plc will collectively make available to Vanco Direct, Vanco plc and certain of its affiliates, the sum of 92 million pounds Sterling (approximately \$180,000,000) which will be secured by the guarantee of Petitioner, a security interest in Petitioner's assets and a pledge of Petitioner's membership interests. Vanco Direct submits that this transaction will serve the public interest by enabling Vanco Direct to continue to provide telecommunications services at competitive rates in New Jersey, and therefore requests approval of this Petition. Vanco plc, and certain of its affiliates will serve as the primary obligors of the Debt while Vanco Direct will serve as a guarantor.

The Division of Rate Counsel has reviewed this matter and by letter dated January 5, 2007, recommends that the Board approve this Petition.

After review, the Board HEREBY FINDS that the proposed transactions are to be made in accordance with the law and HEREBY AUTHORIZES Vanco Direct USA, LLC to guarantee the indebtedness of Vanco plc, and certain of its affiliates.

This order is subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. This Order shall not affect or in any way limit the exercise of the authority of this Board or of this State in any pending or future petition or in any proceeding with respect to rates, franchises, services, financings, accounting, capitalization, depreciation or in any other matters affecting Petitioner.
3. In the event of default under the Credit Agreement approved herein, Petitioner shall notify the Board within five days of such, which will give the Board the opportunity to determine if such default would cause inadequate, unsafe or improper service which could be in violation of N.J.S.A. 48:5A-36 and N.J.S.A. 48:5A-39.
4. Notwithstanding anything to the contrary in the Credit Agreement approved herein or the underlying documents making up the agreement, neither this proposed financing nor a default under the agreement or supporting documents constitutes an automatic transfer of Petitioner's property, plant or equipment, or Certificates of Approval under the terms of any security agreement or other document in conjunction with the credit facility. Board approval must be sought pursuant to N.J.S.A. 48:5A-19, N.J.S.A. 48:5A-40 and N.J.S.A. 48:5A-43.
5. Approval of the transactions herein shall not constitute a determination, nor in any way limit any future determination of the Board as to the treatment of indebtedness, capital structure and interest expense for ratemaking purposes, in any rate proceeding under state or federal law.

6. Any approval herein shall not be construed as automatically approving any past, present or future intercompany debt or advances that may requires Board approval pursuant to the applicable statutes.

DATED: 1/17/07


BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

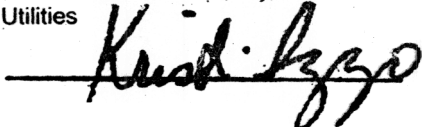

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



SERVICE LIST

**In the Matter of the Application of Vanco Direct USA, LLC for Approval of Guarantee of
Indebtedness**

Docket No. TF06070515

Mark Beyer
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Seema M. Singh, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Andrew Lustigman
The Lustigman Firm, P.C.
158 Windham Road
Hillsdale, NJ 07642

Robert Wojciak
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Jose Rivera-Benitez, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
PO Box 46005
Newark, NJ 07101

Michael Tavani
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Kenneth Sheehan, DAG
Dept of Law & Public Safety
Division of Law, Public Utility
Section
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101